



AVERAGE WEEKLY EARNINGS, AUSTRALIA, AUGUST 1986 PRELIMINARY

PHONE INQUIRIES • *about these statistics*—contact Patrick Stakelum on Canberra (062) 52 6572 or any ABS State office.

• *about other statistics and ABS services*—contact **Information Services** on Canberra (062) 52 6627, 52 5402, 52 6007 or any ABS State office.

MAIL INQUIRIES • *write to Information Services, ABS, P.O. Box 10, Belconnen, A.C.T. 2616* or any ABS State office.

ELECTRONIC SERVICES • on VIATEL — key *656#.

• on AUSSTATS — phone (062) 52 6017.

• on TELESTATS — phone (062) 52 5404.

MAIN FEATURES

Preliminary estimates of average weekly earnings for August 1986 and the respective quarterly and annual changes are shown below:

	Full-time adult ordinary time earnings (\$)	Change (%)	
		Quarterly	Annual
Males	445.50	+3.0	+8.7
Females	363.20	+1.9	+7.2
Persons	419.80	+2.6	+8.2

	All employees total earnings (\$)	Change (%)	
		Quarterly	Annual
Males	438.30	+3.0	+8.7
Females	282.50	+1.5	+6.6
Persons	374.20	+2.1	+7.6

Notes on the estimates

Included in the survey results for August are the effects of the payment of the 2.3 per cent increase awarded in the last National Wage Case to approximately 50 per cent of full-time adult employees.

Major contributions to the 3.0 per cent increase in ordinary time earnings for full-time adult males have come from above average increases in the Mining, Fabricated metal products, Construction, and Finance, property and business services industries. There is some evidence available that the change in average weekly earnings is slightly higher in August 1986 than would otherwise have been the case because of the following two factors:

- a number of businesses indicated that annual increases in pay were awarded in July as a result of the annual renegotiation of salary agreements with staff who are not paid under awards; and
- the introduction of the fringe benefits tax has resulted in some employees now having included in their wages amounts which were previously excluded because they were paid as a fringe benefit.

Average weekly earnings may be affected significantly in some periods by changes in the composition of the labour force (see paragraph 12 below). However, the impact of compositional changes on the May 1986 to August 1986 movements in average weekly earnings is negligible.

EXPLANATORY NOTES

Introduction

This publication contains preliminary estimates of average weekly earnings for August 1986 based on information obtained from a sample survey of employers.

2. Final estimates will be published in *Average Weekly Earnings, States and Australia, August 1986* (6302.0).

3. Background information about the average weekly earnings series is provided in *Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime* (6256.0) published on 21 June 1984, copies of which are available on request.

Scope of the survey

4. All wage and salary earners who received pay for the reference period are represented in the survey, except:

- (a) members of the Australian permanent defence forces;
- (b) employees of enterprises primarily engaged in agriculture, forestry, fishing and hunting;
- (c) employees in private households employing staff;
- (d) employees of overseas embassies, consulates, etc.;
- (e) employees based outside Australia;
- (f) employees on workers' compensation who are not paid through the payroll;
- (g) directors who are not paid a salary;
- (h) proprietors/partners of unincorporated businesses;
- (i) self-employed persons such as subcontractors, owner/drivers, consultants and persons paid solely by commission without a retainer.

Survey design

5. A sample of approximately 4,000 employers is selected from the ABS register of businesses to ensure adequate State and industry representation. The sample is updated each quarter to take account of new businesses, those which have ceased operation and structural changes such as takeovers and mergers. The statistical unit for the survey comprises all activities of an enterprise in a particular State or Territory. Each

statistical unit is classified to an industry which reflects the predominant activity of the enterprise in the State or Territory. In a small number of cases where an enterprise has significant employment in more than one industry, a separate statistical unit is created for each industry. The statistical units are stratified by State, public/private, industry and size of employment and a simple random sample is selected from each stratum.

Definitions

6. *Reference period* for the survey refers to the last pay period ending on or before the third Friday of the middle month of the quarter. The reference date for the current survey is 15 August 1986.

7. *Employees* refers to all wage and salary earners (as defined in paragraph 4) who received pay for any part of the reference period.

8. *Full-time employees* are permanent, temporary and casual employees who normally work the agreed or award hours for a full-time employee in their occupation and received pay for any part of the reference period; if agreed or award hours do not apply, employees are regarded as full-time if they ordinarily work 35 hours or more per week.

9. *Adults* are those employees 21 years of age or over and those employees who, although under 21 years of age, are paid at the full adult rate for their occupation.

10. *Weekly ordinary time earnings* refers to one week's earnings of employees for the reference period attributable to award, standard or agreed hours of work. It is calculated before taxation and any other deductions (e.g. superannuation, board and lodging) have been made. Included in ordinary time earnings are award payments, over-award payments, penalty payments, shift and other allowances; commissions and retainers; bonuses and similar payments related to the reference period; payments under incentive or piecework; payments under profit sharing schemes normally paid each pay period; payments for leave taken during the reference period; all workers' compensation payments made through the payroll; and salary payments made to directors. Excluded are retrospective pay, pay in advance, leave loadings, severance pay, termination and redundancy payments and other payments not related to the reference period.

11. *Weekly total earnings* is equal to weekly ordinary time earnings plus overtime earnings.

12. *Average weekly earnings* statistics represent average gross (before tax) earnings of employees and do not relate to average award rates nor to the earnings of the 'average person'. Estimates of average weekly earnings are derived by dividing estimates of weekly total earnings by estimates of employment. Changes in the averages may be affected not only by changes in the level of earnings of employees but also by changes in the overall composition of the labour force. There are several aspects which can contribute to compositional changes such as variations in the proportions of part-time, casual and junior employees, variations in the occupational distribution within and across industries and variations in the distribution of employment between industries.

Comparability of results

13. When comparisons are made between period-to-period movements in average weekly ordinary time earnings (AWOTE) for full-time adults and movements in the Award Rates of Pay

Indexes (ARPI) it is important to recognise the different coverage, scope, definitions and methodology used in the construction of each series. In particular, the AWOTE series includes a number of payments additional to award rates of pay used in compiling ARPI. Allowances covered under awards which are not industry or occupation-wide in their application such as site, travelling, height and dirt allowances are excluded from ARPI but included in AWOTE. The AWOTE series also includes other payments, such as shift penalty payments and over-award pay. A significant number of employees are not covered by awards but are included in AWOTE. The AWOTE series is affected by compositional change in the labour force. However ARPI is not, because it is a fixed-weight index constructed from a representative 'basket' of occupations selected from the May 1976 Survey of Employee Earnings and Hours and subject to re-selection and re-basing at infrequent intervals. Other factors affecting comparisons of the two series include seasonal influences on earnings and differences between the two series in the treatment of retrospective pay increases. A detailed description of the methodology, scope and definitions used in ARPI is published in *Award Rates of Pay Indexes, Australia* (6312.0).

14. It is also important to recognise that whilst average employee earnings can be derived from the Survey of Employment and Earnings (SEE) published in *Employed Wage and Salary Earners, Australia* (6248.0), these average earnings will not be comparable with those produced from the Survey of Average Weekly Earnings (AWE). In the AWE survey, information is obtained relating to a specified pay period, the last pay period ending on or before the third Friday of the middle month of the calendar quarter. The SEE collects the sum of employee earnings paid in *all* pay periods ending in a calendar quarter including payments to employees which are excluded from the scope of the AWE survey such as retrospective pay and pay in advance, leave loadings, severance, termination and redundancy payments. Whilst the quarterly earnings produced by the SEE are affected by the varying number of pay periods from quarter to quarter the AWE results are unaffected because of the selection of a specified pay period in the middle of a quarter. The SEE earnings data are also more subject to seasonal variations, particularly in the December and March quarters, due to the incidence of holidays taken in January being paid in advance and the earnings being reported in December quarter figures.

Historical series

15. The series was introduced in August 1981 when it replaced the average weekly earnings series based principally on information from payroll tax returns. Revised estimates of average weekly earnings for the period August 1981 to November 1983 were included in *Average Weekly Earnings, States and Australia, March Quarter 1984* (6302.0) published on 12 July 1984. Users who need a measure of the movement in earnings for a period which spans both the payroll tax-based and employer survey series should refer to Table 3 in that publication which presents both series linked to a common index base (August 1981 = 100).

Reliability of estimates

16. As the estimates in this publication are based on information relating to a sample of employers rather than a full enumeration, they are subject to sampling variability. That is, they may differ from the figures that would have been produced if the information had been obtained from all employers. This

difference, called *sampling error*, should not be confused with inaccuracy that may occur because of imperfections in reporting by respondents or in processing by the ABS. Such inaccuracy is referred to as *non-sampling error* and may occur in any enumeration whether it be a full count or sample. Efforts have been made to reduce non-sampling error by careful design of questionnaires, detailed checking of returns and quality control of processing.

17. The sampling error associated with any estimate can be estimated from the sample results. One measure of sampling error is given by the *standard error* which indicates the degree to which an estimate may vary from the value that would have been obtained from a full enumeration (the 'true' figure). There are about two chances in three that a sample estimate differs from the true value by less than one standard error, and about nineteen chances in twenty that the difference will be less than two standard errors.

18. An example of the use of a standard error for August 1986 estimates is as follows. Table 1 shows the estimate of average weekly total earnings for all employees in Australia for August 1986 as being \$374.20. The estimated standard error associated with this figure is \$2.10. Therefore, there are about two chances in three that a full enumeration would give a figure in the range \$372.10 to \$376.30 and about nineteen chances in twenty that it would be in the range \$370.00 to \$378.40.

19. An example of the use of a standard error for a quarterly change estimate is as follows. Table 1 shows the estimated standard error for the quarterly change estimate of average weekly total earnings for all employees in Australia as being \$1.90. The quarterly change estimate between May 1986 and August 1986 is \$7.70 (\$374.20 minus \$366.50). Therefore there are about two chances in three that a full enumeration would give a quarterly change figure in the range \$5.80 to \$9.60 and about nineteen chances in twenty that it would be in the range \$3.90 to \$11.50.

Related publications

20. Users may also wish to refer to the following publications which are available on request:

Average Weekly Earnings, States and Australia (6302.0) — issued quarterly

Average Earnings and Hours of Employees, Australia (6304.0) — issued annually

Distribution and Composition of Employee Earnings and Hours, Australia (6306.0)—issued annually (\$1.20, \$2.10 incl. postage).

Job Vacancies, Australia (6231.0)—issued quarterly

Overtime, Australia (6330.0)—issued quarterly

Employed Wage and Salary Earners, Australia (6248.0) — issued quarterly

Information Paper: New Statistical Series: Employment, Average Weekly Earnings, Job Vacancies and Overtime (6256.0)

Occasional Paper No. 1986/1: Statistics on Wages, Earnings, Income and Labour Costs—A Guide to Their Concepts, Measurement and Usage.

Award Rates of Pay Indexes, Australia (6312.0)—issued monthly

The Labour Force, Australia (6203.0)—issued monthly (\$1.20, \$2.10 incl. postage).

21. Current publications produced by the ABS are listed in the *Catalogue of Publications, Australia* (1101.0). The ABS also issues, on Tuesdays and Fridays, a *Publications Advice* (1105.0) which lists publications to be released in the next few days. The Catalogue and Publications Advice are available from any ABS office.

Unpublished statistics

22. In some cases, the ABS can also make available information which is not published. This information may be made available in one or more of the following forms: microfiche, photocopy, data tape, computer printout, clerically-extracted tabulation. Generally, a charge is made for providing unpublished information. Inquiries should be made to the officer whose name appears in the *Phone Inquiries* section of the Inquiries box at the front of this publication, or to Information Services in the nearest ABS Office.

Symbols and other usages

p preliminary

23. The estimates of average weekly earnings are rounded to the nearest 10 cents.

Electronic services

24. VIATEL. Key *656# for selected current economic, social and demographic statistics.

AUSSTATS. Thousands of up-to-date time series are available on this ABS on-line service through CSIRONET.

For further information phone the AUSSTATS Help Desk on (062) 52 6017.

TELESTATS. This service provides foreign trade statistics tailored to users' requirements.

Further information is available on (062) 52 5404.

IAN CASTLES
Australian Statistician

TABLE 1. AVERAGE WEEKLY EARNINGS OF EMPLOYEES, AUSTRALIA

Reference period	Reference date	MALES			FEMALES			PERSONS		
		Full-time adults		All males	Full-time adults		All females	Full-time adults		All employees
		Weekly ordinary time earnings	Weekly total earnings		Weekly ordinary time earnings	Weekly total earnings		Weekly ordinary time earnings	Weekly total earnings	
—dollars—										
1983 August	19 August	357.10	379.80	349.70	283.80	289.90	228.30	333.50	350.80	300.80
1984 August	17 August	392.40	419.20	386.20	319.00	326.70	256.20	369.00	389.80	334.30
1985—										
May	17 May	404.50	435.50	397.20	334.40	343.10	263.40	382.80	406.90	344.10
August	16 August	409.80	441.60	403.10	338.70	346.80	265.00	387.90	412.50	347.80
November	15 November	419.60	453.60	413.90	345.30	353.70	268.40	396.90	423.10	355.60
1986—										
February	21 February	427.20	460.10	422.70	352.80	360.60	276.40	404.20	429.50	364.10
May	16 May	432.60	465.90	425.50	356.40	364.90	278.20	409.20	434.90	366.50
August p	15 August	445.50	478.10	438.30	363.20	371.60	282.50	419.80	444.90	374.20
—per cent—										
Change—										
Quarterly										
1985—										
May		+1.2	+1.5	+1.1	+1.8	+2.1	+1.3	+1.4	+1.7	+1.2
August		+1.3	+1.4	+1.5	+1.3	+1.1	+0.6	+1.3	+1.4	+1.1
November		+2.4	+2.7	+2.7	+1.9	+2.0	+1.3	+2.3	+2.6	+2.2
1986—										
February		+1.8	+1.4	+2.1	+2.2	+1.9	+3.0	+1.8	+1.5	+2.4
May		+1.3	+1.2	+0.7	+1.0	+1.2	+0.7	+1.2	+1.3	+0.7
August p		+3.0	+2.6	+3.0	+1.9	+1.8	+1.5	+2.6	+2.3	+2.1
Annual										
1986—August p		+8.7	+8.3	+8.7	+7.2	+7.2	+6.6	+8.2	+7.9	+7.6
—dollars—										
Standard errors(a)—										
1986—August										
Level p		2.20	2.40	2.60	1.60	1.60	1.90	1.70	1.90	2.10
Change (quarterly) p		2.10	2.10	2.40	1.50	1.50	1.80	1.60	1.70	1.90

(a) See paragraphs 16-19 of the Explanatory Notes.